

November 26, 2008

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Revised Private Passenger Automobile  
Insurance Rates – North Carolina**

On September 26, 2008, the Reinsurance Facility filed with the Department of Insurance revisions to the private passenger auto liability rates to become effective concurrently with the private passenger auto rate revisions announced by the North Carolina Rate Bureau in its Circular Letter To All Member Companies A-08-8 dated September 29, 2008. The rate revisions filed by the Facility were also announced in the Rate Bureau circular and are announced here again to ensure adequate notice of the changes to rates for non-fleet private passenger automobile risks ceded to the Facility.

Please find attached (1) revised base rates for “clean risks” ceded to the Facility; (2) revised base rates for “other than clean risks” ceded to the Facility; (3) revised uninsured and combined uninsured/underinsured motorists coverage rates for all non-fleet private passenger risks ceded to the Facility; and (4) revised increased limits factors for all non-fleet private passenger risks ceded to the Facility.

Please note that the base rates for other than clean risks ceded to the Facility were recently revised effective October 1, 2008 and are being revised again, effective January 1, 2009 as set forth below, in order to be consistent with the revised increased limits factors.

The attached revisions become effective in accordance with the following Rule of Application.

**These changes are applicable to all new and renewal policies effective on or after January 1, 2009. No policy effective prior to January 1, 2009 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to January 1, 2009.**

As you were advised in the September 29, 2008 circular letter from the North Carolina Rate Bureau to all member companies, for policies becoming effective on and after January 1, 2009, the Rate Bureau has implemented revised non-fleet private passenger automobile and motorcycle insurance rates over the disapproval of the Commissioner. Such implementation requires the establishment of an escrow account under certain circumstances, as described in the above-referenced Rate Bureau circular letter. As you are also aware, the rates charged to “clean risks”

on policies ceded to the Facility cannot be higher than the rates that would have been applicable had such policies not been ceded. For this reason, the rates charged to “clean risks” on policies ceded to the Facility are subject to the escrow requirements.

Therefore, with respect to clean risks ceded to the Facility, companies must maintain records necessary for each company to determine by policy the difference, if any, between the rates collected by each company and the rates ultimately determined to be the approved rates. The methods by which each company accomplishes this directive are left to each company. The Facility will establish and maintain the necessary escrow accounts, but it will be necessary for ceding carriers to make arrangements to identify in their record systems the clean risk business ceded to the Facility in such a way as to be prepared to refund “the purportedly unfairly discriminatory or excessive portion of the premium collected” so that appropriate refunds can be made if it should become necessary to do so.

For those companies that wish to have the information for their records or for escrow purposes, please also find attached the Commissioner’s ordered rates for risks in the voluntary market that would be classified as clean risks if ceded to the Facility. If a company needs additional information to maintain its records, please advise us and we will attempt to assist you with that information.

Please be reminded of the fifteen-day “Notice of Rate Change” requirement set forth in G.S. §58-36-45. Companies should consult their own legal counsel with respect to the appropriateness of their procedures.

Please see to it that these changes are brought to the attention of all interested personnel in your company.

The following is a list of attachments:

- |             |  |
|-------------|--|
| A-1         | Voluntary Liability Manual Rate Page                   |
| A-2         | Ceded Liability Manual Rate Page                       |
| A-3         | Revised Voluntary Liability Base Rates                 |
| A-4         | Revised Uninsured Motorist Rates                       |
| A-5         | Revised Combined Uninsured/Underinsured Motorist Rates |
| A-6         | Revised Increased Limits Factors                       |
| A-7         | Revised Motorcycle Liability Relativities              |
| A-8 to A-12 | Commissioner of Insurance Ordered Rates                |

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-08-22

Attachments

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - VOLUNTARY LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	300/300	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
11	\$138	\$167	\$204	\$240	\$182	\$183	\$185	\$17	\$23	\$27	\$40	\$57
13	203	246	300	353	215	216	219	24	32	38	56	81
14	193	234	286	336	205	206	209	23	31	37	54	78
15	211	255	312	367	200	201	204	25	33	40	59	85
16	187	226	277	325	212	213	216	22	29	35	51	74
17	218	264	323	379	221	222	225	26	35	42	61	88
18	176	213	260	306	188	189	191	21	28	34	49	71
24	158	191	234	275	163	164	166	19	25	30	44	64
25	216	261	320	376	203	204	207	26	35	42	61	88
26	249	301	369	433	179	180	182	30	40	48	70	101
31	197	238	292	343	190	191	193	24	32	38	56	81
32	162	196	240	282	176	177	179	19	25	30	44	64
33	197	238	292	343	163	164	166	24	32	38	56	81
40	256	310	379	445	226	227	230	31	41	50	73	105
41	198	240	293	345	208	209	212	24	32	38	56	81
43	191	231	283	332	171	172	174	23	31	37	54	78
47	204	247	302	355	167	168	170	25	33	40	59	85
51	156	189	231	271	199	200	203	19	25	30	44	64
52	220	266	326	383	226	227	230	26	35	42	61	88

Note: These base rates apply to "clean risks" ceded to the NC Reinsurance Facility.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - OTHER-THAN-CLEAN RISKS CEDED LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
11	\$185	\$224	\$274	\$331	\$218	\$219	\$222	\$19	\$25	\$30	\$44	\$64
13	271	328	401	485	252	254	257	28	37	45	66	95
14	258	312	382	462	241	242	245	27	36	43	63	91
15	293	355	434	524	237	238	241	31	41	50	73	105
16	262	317	388	469	256	258	261	28	37	45	66	95
17	296	358	438	530	270	272	275	31	41	50	73	105
18	249	301	369	446	230	231	234	26	35	42	61	88
24	216	261	320	387	193	194	196	23	31	37	54	78
25	316	382	468	566	255	257	260	33	44	53	77	112
26	350	424	518	627	215	216	219	37	49	59	87	125
31	264	319	391	473	227	228	231	28	37	45	66	95
32	221	267	327	396	208	209	212	23	31	37	54	78
33	262	317	388	469	195	196	199	28	37	45	66	95
40	347	420	514	621	268	270	273	36	48	58	84	122
41	258	312	382	462	255	257	260	27	36	43	63	91
43	252	305	373	451	206	207	210	26	35	42	61	88
47	287	347	425	514	200	201	204	30	40	48	70	101
51	211	255	312	378	241	242	245	22	29	35	51	74
52	305	369	451	546	272	274	277	32	43	51	75	108

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

IMPLEMENTED BASE RATES - VOLUNTARY LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
11	\$138	\$182	\$17
13	203	215	24
14	193	205	23
15	211	200	25
16	187	212	22
17	218	221	26
18	176	188	21
24	158	163	19
25	216	203	26
26	249	179	30
31	197	190	24
32	162	176	19
33	197	163	24
40	256	226	31
41	198	208	24
43	191	171	23
47	204	167	25
51	156	199	19
52	220	226	26

Note: These base rates apply to "clean risks" ceded to the NC Reinsurance Facility.

Matter struck through is deleted; Matter underlined is new.

**14. MISCELLANEOUS COVERAGES**

**A. Uninsured Motorists Coverage ONLY**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Bodily Injury and Property Damage Uninsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has purchased a policy with Bodily Injury Liability Coverage limits greater than \$30,000/\$60,000.

Uninsured Motorist Coverage Only is available only if the insured has purchased Bodily Injury Liability limits of \$30,000/60,000. The limits of Uninsured Motorist Bodily Injury Coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of Uninsured Motorist Bodily Injury Coverage. The limit of Uninsured Motorist Property Damage Coverage shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.

**a. Rates**

The per policy rates for Uninsured Motorists Coverage are as follows:

**B.I. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 30/60	\$ <u>45-13</u>	\$ <u>35 31</u>
50/100	<u>46-14</u>	<u>38 33</u>
100/200	<u>48 16</u>	<u>42 38</u>
100/300	<u>49 18</u>	<u>45 42</u>
300/300	<u>22 21</u>	<u>52 50</u>
250/500	<u>24 23</u>	<u>57 54</u>
500/500	<u>25 24</u>	<u>59 57</u>
500/1,000	<u>27 26</u>	<u>64 61</u>
1,000/1,000	28	66

**P.D. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

- \* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.
- \* These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Matter ~~struck through~~ is deleted; Matter underlined is new.

**B. Combined Uninsured/Underinsured Motorists Coverage**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Combined Uninsured/Underinsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has purchased a policy with Bodily Injury Liability Coverage limits not greater than \$30,000/\$60,000.

The limits of Uninsured/Underinsured Motorist Bodily Injury Coverage shall equal the highest limits of liability for Bodily Injury Liability Coverage for any one vehicle insured under the policy unless the insured purchases a higher limit of Uninsured/Underinsured Motorist Bodily Injury Coverage. The limit of Uninsured/Underinsured Motorist Property Damage Coverage, which is available only on an Uninsured Motorists basis, shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page in at least 10 point type.

**2. Rates**

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

**B.I. UM/UIM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 50/100	\$ <u>21 24</u>	\$ <u>59 57</u>
100/200	<u>36 52</u>	<u>84 123</u>
100/300	<u>44 68</u>	<u>104 160</u>
300/300	<u>60 98</u>	<u>142 232</u>
250/500	<u>74 118</u>	<u>168 278</u>
500/500	<u>97 169</u>	<u>229 399</u>
500/1,000	<u>109 191</u>	<u>258 450</u>
1,000/1,000	<u>123 219</u>	<u>290 517</u>

**P.D. UM/UIM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

\* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.

These total rates are not subject to modification under the provisions of any rating plan or other manual rule.

Memorandum - North Carolina Personal Auto Manual  
 Matter underlined is new; matter in brackets [ ] is deleted.

18. INCREASED LIMITS

B. 30/60 Split Limit Bodily Injury Liability Increased Limits Table

Applicable to 30/60 Split Limit Bodily Injury Liability Rates Only:

Total Limits	Factor	
\$ 30/60	1.00	
50/100	[1.15]	<u>1.21</u>
100/100	[1.27]	<u>1.37</u>
100/200	[1.33]	<u>1.46</u>
100/300	[1.35]	<u>1.48</u>
300/300	[1.54]	<u>1.74</u>
250/500	[1.57]	<u>1.79</u>
500/1,000	[1.73]	<u>2.01</u>
1,000/1,000	[1.83]	<u>2.14</u>
1,000/2,000	[1.88]	<u>2.21</u>

C. \$25,000 Property Damage Liability Increased Limits Table

Applicable to \$25,000 Property Damage Liability Rates Only:

Total Limits	Factor	
\$ 25,000	[1.000]	<u>1.000</u>
35,000	[1.005]	<u>1.003</u>
50,000	[1.010]	<u>1.006</u>
100,000	[1.030]	<u>1.018</u>
250,000	[1.059]	<u>1.035</u>
500,000	[1.113]	<u>1.068</u>
750,000	[1.153]	<u>1.092</u>
1,000,000	[1.202]	<u>1.121</u>

(Remainder of rule is unchanged.)



19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable voluntary private passenger bodily injury, property damage, and medical payments rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

LIABILITY COVERAGES ONLY

1. Such vehicles with engine size of 499 cubic centimeters or less shall be rated at [~~17%~~] 15% of the applicable private passenger rate.
2. Such vehicles with engine size of 500 to 1249 cubic centimeters shall be rated at [~~27%~~] 24% of the applicable private passenger rate.
3. Such vehicles with engine size of 1250 to 1499 cubic centimeters shall be rated at [~~37%~~] 33% of the applicable private passenger rate.
4. Such vehicles with engine size of 1500 or more cubic centimeters shall be rated at [~~49%~~] 44% of the applicable private passenger rate.

MEDICAL PAYMENTS COVERAGES ONLY

1. Such vehicles shall be rated at [~~38%~~] 36% of the private passenger Medical Payments rate.

**North Carolina**  
**Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008**  
**Ordered Territory Base Class Rates - Voluntary Liability and Standard Physical Damage**

<u>Territory</u>	<u>Description</u>	<u>Model Year 2006, Symbol 2</u>				
		<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>	<u>Full Coverage Comprehensive</u>	<u>\$100 Deductible Collision</u>
11	Asheville	\$103	\$142	\$13	\$29	\$190
13	Durham	150	168	18	37	200
14	Greensboro	143	160	17	32	193
15	High Point	156	156	19	32	189
16	Raleigh	138	165	17	32	186
17	Wilmington	161	172	20	34	197
18	Winston-Salem	130	147	16	32	185
24	Remainder-West	118	128	14	41	191
25	Gaston County	159	158	19	34	200
26	Remainder-South	183	140	22	50	206
31	Small City-East	145	148	18	38	187
32	Small City-West	120	137	15	36	182
33	Remainder-East	145	128	18	57	196
40	Fayetteville	188	176	23	39	238
41	Onslow County	146	163	18	42	233
43	Craven County	141	134	17	38	190
47	Wayne County	150	131	18	37	186
51	Mecklenberg County-Remainder	116	155	14	31	185
52	Charlotte	162	176	20	38	210

North Carolina  
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008  
 Ordered Statewide Rates - Uninsured Motorists Only

<u>Bodily Injury Limit (000)</u>	<u>UMBI Single Car Policy Rate</u>	<u>UMBI Multi-Car Policy Rate</u>	<u>Property Damage Limit (000)</u>	<u>UMPD Single Car Policy Rate</u>	<u>UMPD Multi-Car Policy Rate</u>
30/60	\$11	\$26	25	\$2	\$5
50/100	12	28	50	3	7
100/200	14	33	100	4	9
100/300	15	35	250	6	14
300/300	19	45	500	8	19
250/500	21	50	750	10	24
500/500	22	52	1000	11	26
500/1000	24	57			
1000/1000	25	59			

North Carolina  
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008  
 Ordered Statewide Rates - Combined Uninsured and Underinsured Motorists

<u>Bodily Injury Limit (000)</u>	<u>UM/UMBI Single Car Policy Rate</u>	<u>UM/UMBI Multi-Car Policy Rate</u>	<u>Property Damage Limit (000)</u>	<u>UMPD Single Car Policy Rate</u>	<u>UMPD Multi-Car Policy Rate</u>
50/100	\$19	\$45	25	\$2	\$5
100/200	40	94	50	3	7
100/300	51	120	100	4	9
300/300	74	175	250	6	14
250/500	89	210	500	8	19
500/500	126	297	750	10	24
500/1000	142	335	1000	11	26
1000/1000	162	382			

North Carolina  
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008  
 Ordered Increased Limits Factors - Bodily Injury and Property Damage

<u>Bodily Injury</u>		<u>Property Damage</u>	
<u>Limit (000)</u>	<u>Increased Limits Factor</u>	<u>Limit (000)</u>	<u>Increased Limits Factor</u>
30/60	1.00	25	1.000
50/100	1.19	35	1.003
100/100	1.33	50	1.005
100/200	1.41	100	1.016
100/300	1.43	250	1.032
300/300	1.67	300	1.037
250/500	1.70	500	1.061
500/1000	1.90	750	1.082
1000/1000	2.02	1000	1.109
1000/2000	2.09		

North Carolina  
Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008  
Ordered Motorcycle Liability and Medical Payment Rates

<u>Liability Coverages</u>	<u>% of Applicable Private Passenger Rate</u>
499 cc or Less	18%
500 - 1249 cc	29%
1250 - 1499 cc	39%
1500 cc or More	52%

<u>Medical Payment Coverage</u>	<u>% of Private Passenger Medical Payment Rate</u>
All Engine Sizes	43%

Note:

Relativities are based on Commissioner's ordered rates.